

Service Date: May 13, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF the Petition of the)	
Montana Power Company (MPC) and)	UTILITY DIVISION
Billings Generation, Inc. (BGI) to)	
Determine the Rates and Conditions of a)	DOCKET NO. 90.8.51
Power Purchase Agreement Between the)	
Parties.)	ORDER NO. 5506d

SUPPLEMENTAL ORDER

Background

1. On August 28, 1990 the Montana Power Company (MPC) and Billings Generation, Inc. (BGI) petitioned the Montana Public Service Commission (Commission) to determine the rates of a power purchase agreement. MPC is a public utility and BGI is a qualifying facility (QF) pursuant to ¶201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA). Under the agreement BGI intends to build a power plant in Billings and to sell the power to MPC under long-term contract.

2. Following a hearing on the petition the Commission issued Order No. 5506a in this Docket finding, "The unit specific avoided cost rates computed for BGI [by MPC] are determined just and reasonable as consistent with the methodology contained in

Commission Docket No. 84.10.64, Order No. 5091c." Order No. 5506a, pp. 28-29. On March 26, 1993 BGI and MPC executed a fourth amendment to the original power purchase agreement. In the fourth amendment the parties negotiated new avoided cost rates. The parties now ask that the Commission find the rates negotiated in the fourth amendment just and reasonable.

3. On April 15, 1993 the Commission gave the parties to this Docket until April 21, 1993 to comment, or to request a hearing on the newly negotiated rates. Because of a delay in providing necessary information on the new rates the comment deadline was extended to May 5, 1993. On May 5, 1993 the Montana Consumer Counsel informed the Commission that it would not request a hearing on the fourth amendment to the BGI power purchase agreement. Lee Tavenner, the other party to this Docket, did not respond.

Discussion

4. The Commission has reviewed the information provided by MPC in a letter (with attachments) from Marc Donaldson dated April 28, 1993. Based on this information the Commission concludes that BGI's rates under the fourth amendment are at or below MPC's avoided costs as determined by the methodology

established in Docket No. 84.10.64, Order No. 5091c.

Conclusions of Law

1. The Montana Power Company is a public utility within the meaning of Montana law, Sections 69-3-101 and 69-3-601(3), MCA.

2. The Commission properly exercises jurisdiction over the rates for the purchase of electricity by public utilities from qualified cogenerators and small power producers. Sections 69-3-102, 69-3-103 and 69-3-601 - 604, MCA. Section 210 Pub. L. 97-617, 92 Stat. 3119 (1978).

3. The rates determined according to this order are just and reasonable in that they were calculated consistent with Commission approved methodology and reflect MPC's avoided costs.

Order

The unit specific avoided cost rates computed for BGI by MPC, contained in the Fourth Amendment to Power Purchase Agreement No. COG 91030135-US Between Billings Generation, Inc. and the Montana Power Company, are determined just and reasonable as consistent with the methodology contained in Commission Docket No. 84.10.64, Order No. 5091c.

Done and Dated this 11th day of May, 1993 by a vote of 3 -
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BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

NANCY MCCAFFREE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to
reconsider this decision. A motion to reconsider must
be filed within ten (10) days. See 38.2.4806, ARM.